

FY 2016-2017 BUDGET TRANSMITTAL

I am pleased to present the adopted FY 2017 budget. This city budget continues to move Tigard toward a stronger financial future and creates opportunities for us to begin to shore up resources for day-to-day city services.

Setting the Landscape: The Fiscal Cliff

In last year's budget message I stressed the dangers of eroding day-to-day city services if we continue on our current financial path. Tigard's day-to-day service levels are steadily declining due to several factors.

First, Tigard's population since 2009 has grown over eight percent and will continue to grow with development on our western boundary in River Terrace. At the same time, our staffing has decreased by 19 FTE, or six percent. We have fewer Police Officers and Librarians today than we did eight years ago. The city continues to employ the best people, improve and make our processes efficient and use technology, yet our capacity to serve the public will decline as the population grows and staffing shrinks.

A major factor in the city's service provision is the structural financial imbalance that the city faces. In the 2011 State of the City, former Mayor Dirksen called this a "fiscal cliff" over which all local governments would fall. Some of the factors that create the cliff include:

- Tigard's low permanent property tax levy rate (\$2.51/1,000 AV), second lowest of any city in Washington County with a population over 5,000. That rate was set when Measure 50 was approved in 1997 and will not change without property tax reform.
- City expenditures that grow at a rate about one-half of one percent faster than our resources grow (4.0% vs 3.5%), even with the actions that we have taken to curb spending cost growth.
- Growth in River Terrace will provide a temporary bump in Tigard's revenue growth, providing an additional 0.5% in revenue growth annually. Instead of an additional 200 homes a year allowing Tigard to add services to meet the demands of growth, that development simply provides enough additional revenue to stave off future service cuts.

Our fiscal landscape is that of a growing city unable to grow day-to-day services to keep up with its growth. Through community surveys, our residents continually ask for more and improved city services than that which we now provide. And we are not maintaining our infrastructure systems and public facilities as we should. We have not yet reached the fiscal cliff, but it is closer.

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Table 1. Permanent Property Tax Rate Comparison

City	Cities with Population 10,000+	Permanent Rate (per \$1,000 AV)
Lake Oswego	37,610	\$4.9703
Portland	609,456	\$4.5770
Beaverton	93,542	\$4.6180
Cornelius	12,161	\$3.9836
Forest Grove	22,419	\$3.9554
Hillsboro	97,368	\$3.6665
Sherwood	18,884	\$3.2975
Wilsonville	21,484	\$2.5206
Tigard	50,444	\$2.5131
Tualatin	26,879	\$2.2665
<i>Average Washington County</i>		<i>\$3.6369</i>
Statewide Comparison		
Eugene	159,190	\$7.0100
Albany	51,583	\$6.3984
Woodburn	24,395	\$6.0534
Salem	160,614	\$5.8315
Medford	77,677	\$5.2953
Corvallis	55,298	\$5.1067
McMinnville	33,131	\$5.0200
Springfield	60,177	\$4.7400
Redmond	27,427	\$4.4100
Newberg	22,508	\$4.3827
Grants Pass	35,076	\$4.1335
Gresham	109,397	\$3.6129
Bend	81,236	\$2.8035
Tigard	50,444	\$2.5131
Keizer	37,064	\$2.0838
<i>Average Statewide</i>		<i>\$4.6263</i>

One Solution: Park and Recreation Utility Fund & Fee

The FY 2015-16 budget provided a hopeful step back from the fiscal cliff. I proposed – and the Budget Committee and City Council later approved – treating parks as a utility, with the creation of a park and recreation utility fund along with an associated utility fee. This served two purposes. First, parks would have a stable funding source that would grow with the needs of a growing park system, and allow development and maintenance of the city's 2010 Park Bond land acquisitions. Second, \$2.2 million of General Fund resources that previously funded parks could be available to be reprogrammed to enhance day-to-day services and bring financial stability to the General Fund. During the budget deliberations, the Budget Committee recommended that:

- \$100K of the General Fund would be reprogrammed to library services. This funding plus more than \$160K of resources from the passage of the WCCLS levy in November, allowed the Library to provide public counter services on Thursday.
- \$400K of the General Fund would not be spent on services, but would go to bolster the reserves in the General Fund to help pay for the 0.5% annual gap between revenues and expenditures.
- The remaining \$1.7 million would be allocated to service enhancements during the FY 2016-17 budget cycle.

The City Council chose to approve a park and recreation fee at a level that would generate \$1.0 million annually. One reason was a concern about overburdening utility bills with additional fees. A second priority of the City Council was to advance a local option levy to pay for growth in day-to-day services. The rationale for a voter-approved local option levy is that this funding would be less regressive, provide a federal tax deduction, and permit more room for growth. In the end, City Council decided that fully implementing a Park and Recreation Fee was not the right answer to our current fiscal problem, but could provide short-term relief.

Choices for FY 2016-17

The Proposed Budget honored the Budget Committee's request to provide choices for allocating the General Fund that was freed up by the park and recreation fee. Based on 2015-16 council action on the Park and Recreation Fee, the Proposed Budget was structured so that \$1M of General Fund that once supported Parks could be invested in other day-to-day services, and the Budget Committee allocated \$100,000 to the Library and \$400,000 to bolster General Fund Reserves. At the Park and Recreation Fee hearing during 2015, the City Council agreed that \$100,000 for the Library would be included in the base budget and would not be considered for reallocation. The City Council later brought the question of \$400,000 for reserves to sustain the General Fund back to the Budget Committee, meaning that the Budget Committee had the choice to allocate up to \$900,000 in General Fund resources for the 2016-17 budget.

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The Proposed 2016-17 budget considered by the Budget Committee was divided into three categories. The first category included immediate short-term investments could be addressed in the FY 2016-17 Budget. The second category included near-term needs that could be addressed through a local option levy and capital bond, which I proposed that Tigard voters may consider in the fall of 2017. The third category included longer-term investments in programs and services would be addressed through other revenues than the General Fund.

The twelve immediate short-term service needs that were proposed to the Budget Committee represented important operational investments, including one-time and ongoing costs that would exceed the \$900,000 allocation by more than four times. These needs were proposed with the acknowledgement that not all could be funded, so the remaining items would be considered for funding with a future voter-approved property tax levy or bond. The needs included:

- Adding police officers to improve response times for high priority public safety calls
- Library staff to allow the city to provide patrons more timely access to new and popular items, improve communication to engage the public, and provide services and programs in Spanish for kids
- Analytical support for city internal services such as property, finance and fleet management
- City building maintenance, repairs and space needs
- Supporting public use of city facilities through room reservation services
- Land use, permit and design review resources
- Address unfunded parks maintenance
- Continue to expand city recreation programs
- Support for the Tigard Downtown Alliance
- Sustaining General Fund reserves
- Roof and locker room repair for the Police Department

2016-17 Approved and Adopted Budget

Given the complexity of Tigard's budget, the Budget Committee was asked to discuss and decide on allocating short-term resources freed up by the creation of the Park and Recreation Fee by allocating \$900,000 toward the city's greatest needs. In addition, the Budget Committee was asked to consider recommending that Tigard voters consider a local option levy and a capital facilities bond in November 2017. By doing so, the city would be able to determine whether to retain the Park and Recreation Fee long-term, and address Tigard's very low permanent property tax rate by increasing it with a future Local Option Levy. There is room to increase Tigard's permanent local option levy rate. (For example, a local option levy of \$1.00/\$1,000 of assessed value would still keep Tigard's rate below average in Washington County and would raise approximately \$6,000,000 annually for more and better city services, allowing service delivery to increase by nearly 20 percent.)

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The 2016-17 budget recommended by the Budget Committee sought to be fiscally responsible with the resources we currently have and recognized that current resources are inadequate to meet the needs of a growing city. The Budget Committee recommended sustaining reserves in the General Fund in excess of the minimum required; recommended adding three patrol officers in the Police Department, to address increasing response times for highest-priority calls; and funding three one-time maintenance and repair projects for city facilities and parks (Police Department roof, Summerlake Park irrigation system, and a building condition assessment). The Budget Committee acknowledged that at this time, Tigard cannot afford to take on larger maintenance needs. Finally, the Budget Committee expressed support for moving forward with a local option levy to improve city services and a capital facilities bond to create building space to meet current public service needs.

The City Council adopted a 2016-17 budget that funds the city's day-to-day services and additionally boosted Police and Recreation services. The approved \$177 million budget allocates more than \$123 million to fund city services, handles the city's debt obligations and pays for improvements to the community, including city roads and the water system. In addition to the Budget Committee recommendation, the City Council opted to hire another police officer, four total, to support the department's goal for patrols during highest call volumes and improving call response times for highest-priority calls. The City Council approved an increase in funding for the city's new recreation program. And the City Council affirmed that Tigard should plan for a possible local option levy to improve city services, and a capital facilities bond to better meet current public service needs.

Future Needs

There is still work to be done. Tigard will develop a local option levy request to place before voters in November 2017 to address the city's parks, library, public safety and walkability needs. In addition to the needs for expanded services outlined above that were considered in the FY 2016-17 budget, City of Tigard faces other demands to provide day-to-day services to residents and businesses that could be included in a local option levy proposal. The levy could include services such as:

- Expanded community outreach and Neighborhood Network program to support resident and neighborhood connection and engagement
- Increase Library outreach to the public and expand library programming and services.
- Analytical support including contracting, franchise management, grant acquisition and administration, technology workflow and software implementation, annexation analysis and support, budget/CIP preparation, managing indirect cost plan, and general central management and support
- Engineering staff to support private development activity and long-range planning
- Enhancing the city's appearance with more proactive enforcement to respond to Code complaints
- Downtown parking, planning and enforcement
- Multilingual, translation and interpretation services to expand services, outreach, and materials in multiple languages

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- Public safety services including Community Policing Neighborhood Response Team, bicycle patrol for trails and parks; and traffic safety team
- Trail safety, lighting needs and vegetation maintenance
- Annexation resources to identify resources required for expansion areas
- Parks planning & development to make acquired park lands useful to the public
- Neighborhood park and trail connections
- Grounds maintenance for city facilities
- Pedestrian planning for investments in the city's walking network and Safe Routes to School program
- Asset management plan to repair or replace aging infrastructure, including water, sewer and stormwater systems
- Extended library hours

In last year's budget message, I asked the Budget Committee and City Council to either maintain the status quo by making small changes that continue to erode city services, or to take bolder action. I appreciated that the committee and Council resoundingly chose to take bolder action. When Former Mayor Dirksen discussed the fiscal cliff, these were the options:

“...The cliff is still there in front of us, we're just further away from it than some of our sister cities and counties. However, to avoid a similar fate, in the next three years one of three things must happen: 1) the state legislature must reform the state revenue system to be more responsive to economic fluctuations. 2) The City of Tigard will need to pass its own local option levy to supplement our base tax rate, or 3) The City will have to make significant cuts to city services like police, library, and public works. This would include extensive personnel layoffs including police officers, library staff, and planning and engineering staff.”

The time has come to prepare Tigard for passing a local option levy to supplement our base tax rate. Without bolder decisions to increase resources, the services that citizens tell us that they want through interactions, meetings, and surveys will continue to erode. I appreciate the Budget Committee and City Council's consideration of these measures to set Tigard on a more sustainable financial path.

Respectfully,



Marty Wine
City Manager

COUNCIL GOALS

1. Provide Recreation Opportunities for the People of Tigard

Objectives	Estimated Timeline
Establish city recreation program in 2015-16 adopted budget Recreation clearinghouse and program guide Grants & scholarships Recreation coordinator – staff position Programs and classes (beginning Year 2) Outdoor events (Year 2) Indoor events (Year 3)	Completed July 2015 Spring 2016 Spring 2016 2017
Explore feasibility of partnership opportunities, including THPRD, YMCA, TTAD, TTSD, other city, or non-profit opportunities; establish facility partnership if feasible	December 2016
Consider a voter-approved measure to fund recreation	November 2016
Complete the city's facilities strategic plan to identify future facility needs for a recreation/community center.	September 2016

2. Make Downtown Tigard a Place Where People Want to Be

Objectives	Estimated Timeline
Support residential and mixed use development in walkable and transit-supported areas by completing the Ash Ave/Burnham Redevelopment project	Completed in 2015
Increase walkable access to open space by advancing plans for new downtown open space, including the Tigard Street Trail plaza, the Fanno Creek Overlook, and a Main Street plaza, including programming	December 2016
Strengthen downtown's identity by completing gateway improvements and install art at both Main Street entrances	Completed in 2015
Support walkability by completing two Strolling Street projects	Completed in 2015
Secure brownfields cleanup grant (if eligible) to facilitate infill or open space development enabling a more walkable and interconnected downtown	Spring 2016
Promote downtown as a place to shop, dine and recreate Through communications and support of Tigard Downtown Alliance activities.	Summer 2016

COUNCIL GOALS

3. Adopt and Begin Implementation of Tigard Triangle Strategic Plan

Objectives	Estimated Timeline
Tigard Triangle Strategic Plan Plan Development Council consideration and adoption (code and plan amendments)	Completed Spring 2015 September 2016
Consider Lean Code and Plan Amendments Zoning Community Development Code Transportation System Plan Parks and Trails Master Plans	September 2016
Infrastructure Planning Citywide Stormwater Master Plan Triangle Stormwater Implementation Plan Streetscape Design Plan 72 nd Avenue Study (pending CIP approval)	June 2017 FY 2017-18 August 2016 June 2017
Development of Funding Tools Urban Renewal Plan Development Plan Adoption Public Vote LID – consider continuance of existing Vertical Housing Development Zone Tigard Enterprise Zone	October 2016 December 2016 May 2017 April 2016 Completed 2014 Completed 2014



COUNCIL GOALS

4. Enable Groundbreaking in River Terrace by Summer 2015

Objectives	Estimated Timeline
Infrastructure Financing Project (RT SDCs)	Completed
River Terrace Community Plan Implementation	Completed
Permitting Early assistance for land use applications (ongoing) Land use applications Building and site permits	Completed Winter 2015 and ongoing into 2016
Public Facilities Clean Water Services pump station City of Tigard downstream stormwater conveyance analysis River Terrace Stormwater Master Plan Amendments (updates, direction, and Council adoption) Transportation Utility Fee adopted Stormwater Utility Fee adopted City of Tigard 550-Zone Water Improvements	Winter 2016 Completed Spring 2016 Spring 2016 Summer 2016 Summer 2016
Strategic Plan Implementation Achieve walkability aims of Strategic Plan in River Terrace by following through on pedestrian planning efforts	Summer 2016

5. Expand Opportunities to Engage People in the Community

Objectives	Estimated Timeline
Citywide Communications Plan (will include suggested engagement improvements)	Completed Spring 2015
Continue Council outreach meetings	Quarterly throughout each year
Seek input on and outreach about the sidewalk connection program	Prepare for May 2017 ballot
Community education; identify timing and content of measures for voter approval	June 2016
Organize community engagement through increased work with Neighborhood Networks, in-person and online forums	June 2016

COUNCIL GOALS

6. Define and Establish the City's Role in Addressing Homelessness

Issues for Further Council Discussion

[Topics will be scheduled for workshop meetings (3rd Tuesday) or study sessions]

- SW Corridor – Mayor will brief Council during Council Liaison reports
- Pacific Highway/congestion and aesthetics (May 2016)
- Annexation (Incentives Resolution in February, discussion June 2016)
- Charter review (July 2016)
- Future possible ballot measures (April 2016)
- Strategic Plan Updates
- Sustainability (August 2016)



CITY INFORMATION

Form of Government:

The City of Tigard was incorporated in 1961.

An elected Mayor and four Council members who comprise the City Council govern the City of Tigard. The city's charter establishes a Mayor/Council form of government.

Members of the City Council are elected at large to serve four-year terms. The Mayor presides at council meetings and is elected at-large for a four-year term. Together, the Mayor and council provide community leadership, develop policies to guide the city in delivering services and achieving community goals, and encourage citizen awareness and involvement.

The City Council appoints the City Manager, who acts as the administrative head of the city government. The City Manager is responsible for ensuring council policies are implemented using resources appropriated by the Council to achieve desired service results in the community. The Mayor and Council are responsible for establishing city policies.

Services Provided:

Department	Services
Central Services	City Recorder/Records, Communications, Facilities, Fleet, Municipal Court
City Management	City Manager's Office, Human Resources, Risk Management
Community Services	Police, Library, Social Services & Community Events
Community Development	CD Planning, Building, Economic Development
Finance and Information Services	Finance Administration, Financial Operations, Utility Billing, Information Technology, Contracts/Purchasing
Mayor and Council	
Public Works	PW Administration, PW Engineering, Parks & Rec, Sanitary Sewer, Streets, Storm Water, Water

CITY INFORMATION

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Tigard is located in Washington County and is the thirteenth largest city in Oregon. It is centrally located, surrounded by Portland, Lake Oswego, Beaverton and Tualatin. It is conveniently located, directly off of the I-5 and Highway 217. One of area's largest shopping malls, Washington Square, is located in Tigard.

Population Facts:

Population Estimate (2016):	50,787
Median Age (2014):	38.4
Average Household Size (2014):	2.50
High School Education or higher (2014):	91.9%

Population by year:

2015	50,444
2014	49,774
2013	48,695
2012	48,415
2011	48,035
2010	47,700
2009	47,470
2008	46,715
2007	46,400
2006	46,300
2005	45,500

Cost of Living Facts:

Median Household Income (2014):	\$60,849
Unemployment Rate (2015):	3.9%
Estimated Median House Value (2014):	\$294,000
Home Ownership Rate (2014):	61.1%
Total Housing Units (2010):	20,068

Climate:

Elevation:	300 ft.
Average Daily High Temperature-Jul:	79 F
Average Annual Low Temperature:	34 F
Average Annual Rainfall:	39.0"

Economy:

Land Use ~

Commercial (Acres, %):	7.4%
Industrial (Acres, %):	9.7%
Mixed-Use (Acres, %):	11.2%
Residential (Acres, %):	64.7%*
Parks& Recreation (Acres, %)	6.7%

*Total does not equal 100% because zoning has not been assigned to the River Terrace area.

CITY INFORMATION

Number of businesses (March, 2016): 2,976

Top Employers in 2016:

<u>Employer</u>	<u># of Employees</u>
Tigard-Tualatin School District	779
Nordstrom	422
Macy's Department Stores, Inc.	372
Oregon Public Employees Retirement	364
Costco Wholesale Corporation	273
City of Gerber Legendary Blades	232
Comcast Cable	228
ServiceMaster Solutions	220

Source: US census Bureau, City of Tigard-Community Development & Finance

Tigard Vision and Values

In 2014, City Council adopted a Strategic Plan for Tigard with the emphasis on *connecting people and places-with a goal of making Tigard the most walkable community in the Pacific Northwest where people of all ages and abilities enjoy healthy and interconnected lives.*

In addition to this vision, the city maintains its three values for staff to reflect and embody. These values are:

Respect and Care

We will treat people well

Do the Right Thing

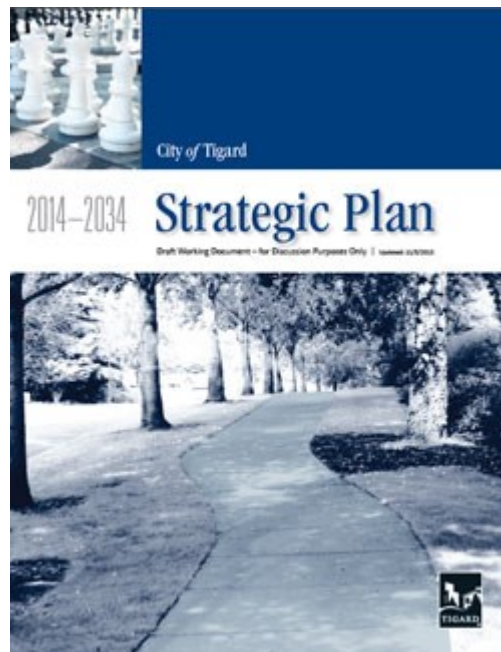
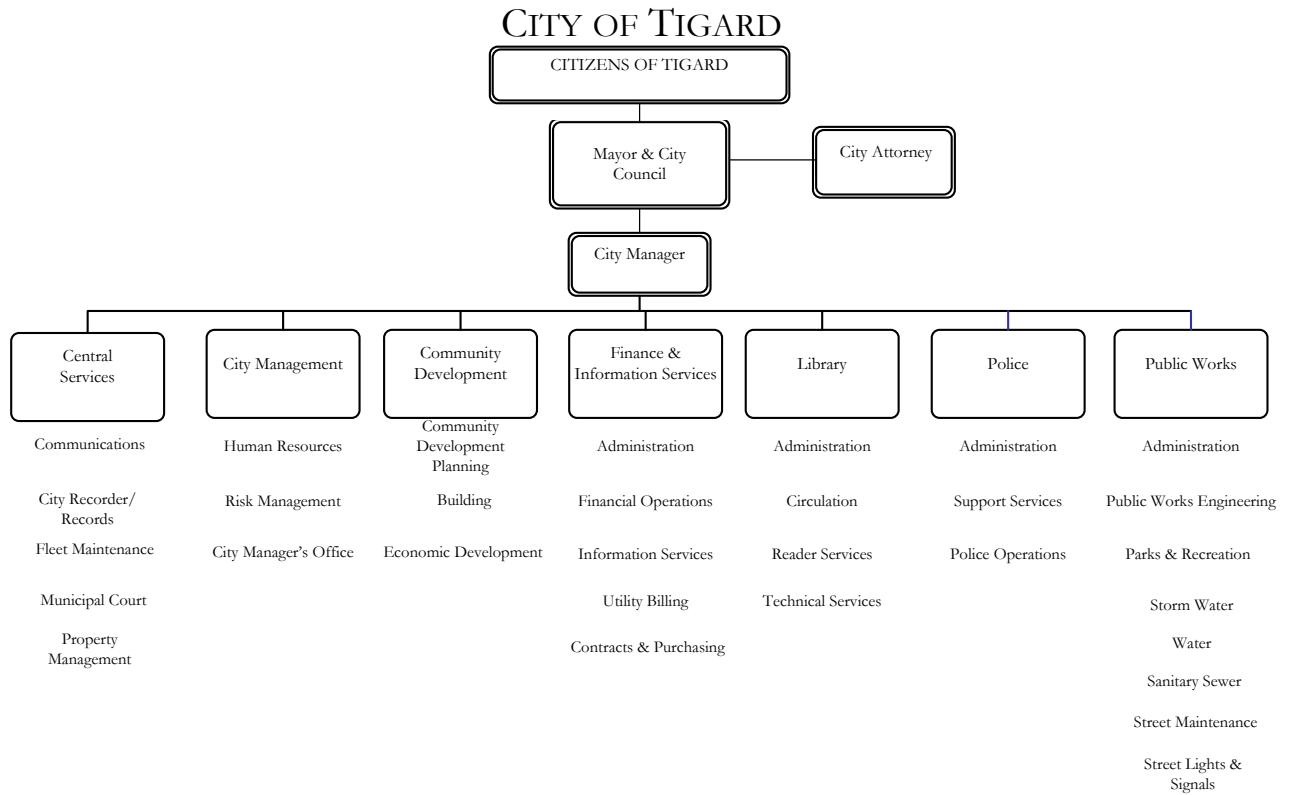
We will go the extra mile to exceed expectations

Get it Done

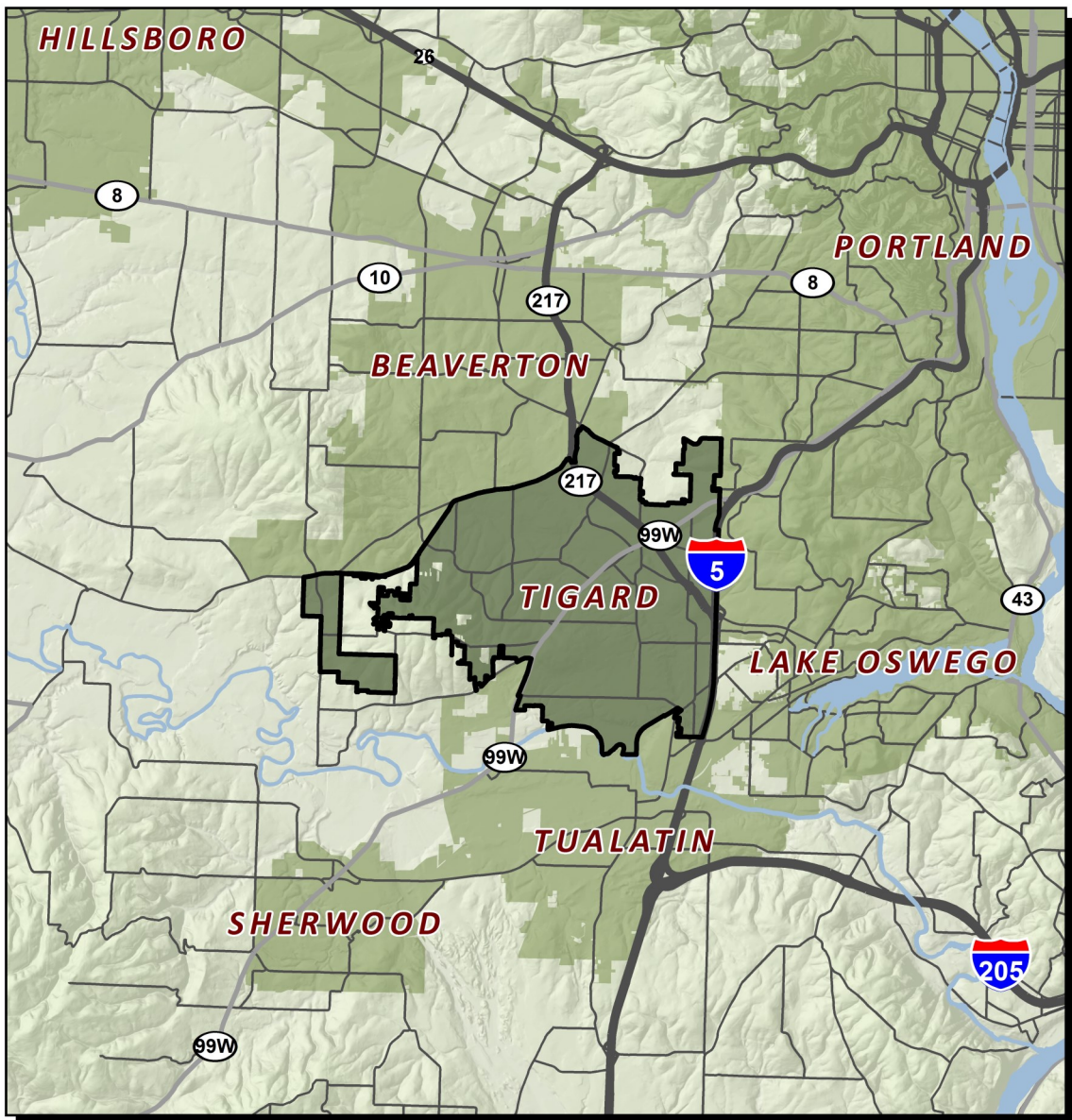
We will focus on solutions-not excuses



CITYWIDE ORGANIZATION CHART - BY PROGRAM



CITY OF TIGARD MAP





Fall colors at the City Hall in Tigard, Oregon